

Volume IX

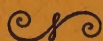
February 16, 1947

Number 1

Illinois U Library
OPINION

AND

COMMENT



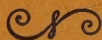
The "Portal to Portal" Case

The Institute of Labor and Industrial Relations

Great Britain's Position in International Trade

Should Cooperatives Be Tax-Exempt?

Cooperatives Are Not Tax-Exempt



UNIVERSITY OF ILLINOIS BULLETIN

VOLUME 44

ISSUED EVERY FIVE DAYS

NUMBER 38

U OF I
LIBRARY

OPINION AND COMMENT

A QUARTERLY PUBLICATION

of the

BUREAU OF ECONOMIC AND BUSINESS RESEARCH

COLLEGE OF COMMERCE AND BUSINESS ADMINISTRATION

H. T. SCOVILL, LL.D., C.P.A., *Acting Dean*

CONTENTS

PAGE

The "Portal to Portal" Case.....	1
C. C. CURTIS	
The Institute of Labor and Industrial Relations.....	7
PHILLIPS BRADLEY	
Great Britain's Position in International Trade.....	14
FRANK W. FETTER	
Should Cooperatives Be Tax-Exempt?.....	23
WILLIAM E. SCHENK	
Cooperatives Are Not Tax-Exempt.....	30
ROLAND W. BARTLETT	

This publication of the Bureau of Economic and Business Research is issued upon the assumption that our readers will appreciate interpretative comments on topics of current interest. Because studied opinions on the significance of current trends are often more thought-provoking than tabulations of data would be, the Bureau supplements its research by issuing *Opinion and Comment* as another type of service.

The opinions expressed in the articles are the personal views of the respective authors and not necessarily those of the College of Commerce or the University.

Please notify the Bureau of Economic and Business Research, 205 David Kinley Hall, of any change of address.

The articles published in *Opinion and Comment* are indexed in Public Affairs Information Service, New York.

H. K. ALLEN, Ph.D., *Director of Bureau*
HILDA R. STICE, A.B., *Editor of Publications*
H. W. HUEGY, Ph.D., *Associate Editor*
D. P. FLANDERS, Ph.D., *Associate Editor*

Published every five days by the University of Illinois. Entered as second-class matter at the post office at Urbana, Illinois, under the Act of August 24, 1912. Office of Publication, 358 Administration Building, Urbana, Illinois. Acceptance for mailing at the special rate of postage provided for in Section 1103, Act of October 3, 1917, authorized July 31, 1918.

The "Portal to Portal" Case

C. C. CURTIS

Division of Business Law, University of Illinois

SUITS involving hundreds of millions of dollars have been filed by various employees and unions to which they belong against their respective employers for alleged back pay on the basis of a decision rendered by the United States Supreme Court in June, 1946, in the case of *Anderson et al v. Mt. Clemens Pottery Company*.

The Mt. Clemens Pottery Company employed about twelve hundred persons at its pottery plant at Mt. Clemens, Michigan, most of whom were compensated upon a piecework basis. The plant covered more than eight acres, and the employees' entrance was at the northeast corner. Adjacent to that entrance were cloak and rest rooms, where the employees could change to their work clothes and place their street clothes in lockers. Different shifts began at different times during the day, and whistles indicated the starting times for productive work. An interval of fourteen minutes prior to the starting time for each shift permitted employees to punch time clocks, to walk to their respective places of work, and to prepare to start productive work. They had the same fourteen-minute allowance at the beginning and at the end of their lunch hour, and again at the closing hour of their shift.

For example, the employees on the 7 A.M. shift were permitted to en-

ter as early as 6:46 A.M. to punch time clocks and then walk to their respective workrooms, where they performed certain preliminary activities preparatory to starting productive work when the 7 A.M. whistle blew. These preliminary activities included putting on aprons and overalls, removing shirts, taping or greasing arms, putting on finger cots, preparing the equipment for productive work, turning on switches for lights and machinery, opening windows, and assembling and sharpening tools. Employees on this shift were likewise permitted fourteen minutes after the 12:00 noon whistle was blown to indicate the beginning of the lunch hour. They were granted another fourteen minutes before the end of the lunch period to punch the time clock again, to go to their work stations, and to prepare to begin work at 1 P.M. Similarly, a fourteen-minute period was allowed them after the closing whistle for their shift at 4 P.M.

In an extreme case, it was possible that an employee of the 7 A.M. shift might punch in as early as 6:46 A.M., and punch out at 12:14 P.M.; and then punch in at 12:46 P.M., and out at 4:14 P.M. He was credited with working from 7 A.M. to 12:00 noon and from 1 P.M. to 4 P.M., although the time-clock records in his case might show as much as fifty-six minutes more.

After punching the time clock at

the beginning of a shift or after the lunch hour, the employees walked varying distances to their work stations, some as little as 130 feet and others as far as 890 feet. The time estimated for walking one way directly from the time clock to their stations varied from 30 seconds for those who had to go only 130 feet up to 3 minutes for those employees whose stations were farthest from the time clock. Thus total walking time for the employees varied from 2 minutes to 12 minutes if they went back to the lunch and rest rooms during the noon hour, a period which was not included in the time for which they were credited as having worked. They were not required to go direct from the time clock to their stations, but could take whatever course through the plant they might desire, and could stop at any point of their journey to visit with other employees. There was no requirement made by the company other than that they be at their stations when productive work started at 7 A.M. and at 1 P.M.

The case in question was a suit brought by seven of the employees and their local union against the company, alleging that the method of computing the time worked did not reflect all the time actually worked, and that they were thereby deprived of the proper overtime compensation guaranteed by the Fair Labor Standards Act.

The Circuit Court of Appeals dismissed the case, and the plaintiffs appealed to the United States Supreme Court. The Supreme Court was functioning at the time with seven members, since one member

was in Europe and there was a vacancy in the position of Chief Justice, caused by the death of Chief Justice Stone in April, 1946. The decision of the Supreme Court was by a five-to-two vote.

The Supreme Court held: (1) that the time spent by an employee in walking direct from the time clock to his work station was compensable time, the Court stating that without "such walking on the part of the employees, the productive aims of the employer could not have been achieved. The employees' convenience and necessity, moreover, bore no relation whatever to this walking time; they walked on their employer's premises only because they were compelled to do so by the necessities of the employer's business. . . . It follows that the time spent in walking to work on the employer's premises, after the time clocks were punched, involved physical or mental exertion (whether burdensome or not) controlled or required by the employer and pursued necessarily and primarily for the benefit of the employer and his business. . . . Work of that character must be included in the statutory workweek and compensated accordingly, regardless of contrary custom or contract."

The Court did state that compensable walking time was to be limited to the minimum time necessarily spent in walking at an ordinary rate along the most direct route from the time clock to the work bench.

The Court held also: (2) that the time spent in preliminary activities in preparation for produc-

tive work was compensable time, such as the time spent in putting on aprons and overalls, removing shirts, taping or greasing arms, putting on finger cots, preparing equipment for productive work, turning on switches for lights and machinery, opening windows, and assembling and sharpening tools. The Supreme Court said: "They involve exertion of a physical nature, controlled or required by the employer and pursued necessarily and primarily for the employer's benefit. They are performed solely on the employer's premises and are a necessary prerequisite to productive work. There is nothing in such activities that partakes only of the personal convenience or needs of the employees. Hence they constitute work that must be accorded appropriate compensation under the statute. . . ."

The Court did not pass definitely on the question whether time spent in waiting to punch time clocks was compensable or not, stating only: "No claim is here made . . . as to the time spent in waiting to punch the time clocks and we need not explore that aspect of the situation." But the inference is that the Court would have regarded such time as compensable had the matter been directly before it, and the attorneys for the plaintiffs may have been guilty of negligence in not thinking of that phase of the question and in not including in their complaint a demand for compensation for that time also.

Those who contend that the Court was making law by this decision do so on the basis that the company and its employees are forced by it to

consider their workweek as different from that which they had by contract and in practice considered it to be, and thus different from that on which the rates of pay had been based. They also maintain that the Congress in enacting the law used the term "workweek" in its commonly accepted meaning at the time the Act became law, and that it included the period from starting whistle to closing whistle, the time spent in productive work only.

But their contention is not so much that the Supreme Court is to be criticized for enacting a "law" — a duty imposed by the Federal constitution upon the Congress rather than upon the Supreme Court — as it is that the "law" enacted by the Court is one as indefinite, as unfair, and as impossible to apply as any law which the Federal Congress has ever made. Moreover, the "law" made by the Supreme Court is retroactive, whereas the Congress generally does not enact such legislation.

With reference to the walking-time element of the case, the Supreme Court said: "We do not, of course, preclude the application of a de minimis rule where the minimum walking time is such as to be negligible. . . . It is only when an employee is required to give up a substantial measure of his time and effort that compensable working time is involved. The de minimis rule can doubtless be applied to much of the walking time involved in this case, but the precise scope of that application can be determined only after the trier of facts makes more definite findings as to

the amount of walking time in issue."

The Supreme Court would, thus, regard an employee who walked twelve minutes a day between the time clock and his work bench as entitled to compensation for his twelve minutes, whereas it would not regard another employee who walked two minutes a day as entitled to compensation for his two minutes. But, as a matter of justice and fairness, why is not the employee who walked only two minutes just as clearly entitled to pay for that two minutes as his fellow employee who walked twelve minutes is entitled to compensation for twelve minutes? The former is just as much engaged in "physical or mental exertion" as the latter; the difference is only in the time involved. It is rather shocking to find the Supreme Court of the United States taking such a view.

The statement made by the Court of the application of the *de minimis* rule to the facts in the Pottery Company case is too indefinite. It does not give any concrete test which the trial court can apply to determine when an employee has walked long enough to be considered as having given such "a substantial measure of his time and effort that compensable working time is involved." It says only that the "*de minimis* rule can doubtless be applied to much of the walking time involved in this case. . . ." Has an employee who has walked six minutes given "a substantial measure of his time and effort," and is he therefore entitled to compensation for his six minutes, whereas an employee

who has walked only five minutes has not given such a "substantial measure of his time and effort," and hence is not entitled to pay for his walking time? Or is the division to be made between six minutes and seven? Or where? There is nothing in the statement made by the Supreme Court to aid any court which tries a similar case in fixing the division which the Court intended to be made.

It is to be expected that the "portal to portal" cases in different courts against different employers, although in some cases they may involve much the same facts, will result in different decisions. Some plaintiff employees may win back pay, whereas in other cases, although the plaintiffs' claims may be just as reasonable, the employees may lose. However, such discrepancies are likely to result from the indefinite statement made by the Supreme Court as to the application of the *de minimis* rule. These different results will tend to increase the strife between labor and management rather than promote industrial peace.

The Court, in holding that the employees were entitled to compensation for the time spent in activities preliminary to productive work before that work started, also stated: "Here again, however, it is appropriate to apply a *de minimis* doctrine so that insubstantial and insignificant periods of time spent in preliminary activities need not be included in the statutory workweek." The Court gives no concrete test which the trial court can use in determining whether the *de minimis*

rule applies in a particular case of preliminary preparations and when it does not apply.

The Supreme Court, in reversing the Circuit Court of Appeals, sent the case back to the trial court for a new trial, leaving the parties to the case with burdens which they cannot meet with any degree of certainty.

The Court admitted that employees "seldom keep such records themselves; even if they do the records may be and frequently are untrustworthy." The Pottery Company employees did not keep records of the time spent in walking and in their preliminary items in preparation for productive work, because, at the time, their contract with the company did not call for pay for such periods of time, and they did not expect such pay.

The Court stated that it was the duty of the company, under the Fair Labor Standards Act, "to keep proper records of wages, hours and other conditions and practices of employment," and that it was the company "who is in position to know and to produce the most probative facts concerning the nature and amount of work performed." But the Pottery Company could not be expected to foresee that it should keep records of the time spent each day by each employee in his walking and in his preliminary activities of preparation, and in his visiting with other employees, for its contract with the employees did not call for payment of any wage for the time involved.

A retrial of the case could only bring forth evidence on both sides which would be but guesses at the

best, and might result in the awarding of compensation to some employees of the plant, and not to others, who might be equally entitled in all fairness and justice. Such a result could not be expected to promote industrial peace in the plant.

The Mt. Clemens Pottery Company might try to comply with the Federal forty-hour week law, as other employer companies try to do. It could be expected, after the decision of the Supreme Court, to reduce the time permitted its employees on the company's grounds to a total of eight hours a day. If this should be done, the employees of that plant would punch time clocks, walk to their respective work stations, and perform their preliminary items in preparation for productive work within the eight hours, rather than outside the eight hours as before. This would mean less time each day for productive work. It would penalize those employees who work on a piece basis, as do most of the employees in the Mt. Clemens plant, unless satisfactory compensation would be awarded for the burden of walking and of preliminary preparation. Thus, this suit, brought by a few employees to obtain back pay which their contract did not call for, would have resulted in punishing the majority of the employees of this company. Nor would industrial peace be promoted by such a procedure.

The dissenting opinion of Justice Burton in the Pottery Company case, concurred in by Justice Frankfurter, stated: "In interpreting 'workweek' as applied to the industries of

America, it is important to consider the term as applicable not merely to large and organized industries where activities may be formalized and easily measured on a split-second basis. The term must be applied equally to the hundreds of thousands of small businesses and small plants employing less than 200, and often less than 50 workers, where the recording of occasional minutes of preliminary activities and walking time would be highly impractical and the penalties of liquidated damages for a neglect to do so would be unreasonable. Such a universal requirement of recording would lead to innumerable unnecessary minor controversies between employers and employees."

The prediction made by the two dissenting Justices in the Pottery Company decision has come true with the filing of the numerous "portal to portal" cases.

The Federal Congress can very well amend the Fair Labor Standards Act so that it will state defi-

nately whether the statutory workweek is to include the time spent by the employee in productive work only, whether it is to include all the time the employee spends on his employer's premises, or whether it includes part of the time the employee spends on the employer's grounds beyond the period which he spends in productive work. If the statutory workweek is to include a part of the employee's time spent on the premises, over and above that which is spent in productive work, the law should be specific as to what parts are so included and what parts are not so included.

If the Congress will do this, then the employer and his employees will be in a better position to determine what their employment contracts should contain, than they now are under the decision of the Supreme Court. Neither employers nor employees at present have been given a clear-cut explanation of what records should be kept.

NOTE. — The retrial of the Mt. Clemens Pottery Company case, held in the District Court since the above article was written, resulted in a decision for the Company. The matter may be taken to the Supreme Court again.

Sales of Savings Bonds. — The United States Treasury Department recently reported that in 1946 sales of savings bonds amounted to \$7,427,193,000, or slightly more than the total anticipated in its preliminary estimates. Although bond redemptions for the year exceeded sales, there has been no such flood of redemptions since the end of the war as was freely predicted.

The Institute of Labor and Industrial Relations

PHILLIPS BRADLEY

Director, Institute of Labor and Industrial Relations, University of Illinois

FEW Americans today would question the importance of improving labor-management relations as a major factor in the stability and efficiency of our national economy. The issue is not *whether* more cooperative relations are essential to an expanding productivity and security, but *how* that objective may be achieved. We must, moreover, make the effort to attain that goal in an era of unprecedented technological change—in pace no less than in scope. To do so effectively, it may not be irrelevant to apply the same techniques of critical testing and analysis to the social improvement of industrial processes as we have in the past to their mechanical advance. What new tools do we have available for developing new approaches to labor-management relations?

There are, of course, many approaches to current problems in these relations, which the headlines and the radio so often dramatize as only short of war. Both industry and labor, in the individual plant and in organized groups, are presenting to government and the “party of the third part”—the public—specific formulas for resolving immediate disputes and for setting long-term policies. Many civic associations are no less concerned to offer prescriptions for reconciling

what too often becomes open conflict between the two indispensable parties to the productive and distributive process. Over the past few years, especially during the last three or four, organized education has been added to the list of those groups which are seeking to discover new methods of creating more cooperative labor-management relations.

It is not impossible that new and useful attitudes and practices may be experimentally developed through the more detached opportunity offered by a university for clinical analysis—to the mutual benefit of both labor and management. That, at least, is the view of a number of state legislatures and the boards of trustees of some of our greatest state and private universities. The establishment, over the past few years, of about a dozen centers for the study of labor-management relations and for training of students and of active participants in these relations is an indication of this viewpoint. What is this new movement in education? What are its objectives? What resources and services has it to offer? What may industry and labor—and the wider commonwealth of the community—expect to gain from using this new tool?

An examination of one (or even

all) of these new educational developments will not give us a complete answer to these questions. One may, however, gain some insight into the objectives of special labor-management agencies on a dozen or more major university campuses today by noting the functions assigned to them. Here, the Institute of Labor and Industrial Relations at the University of Illinois may serve as a prototype; some similarities between it and other university enterprises in the field, as well as certain differences, will be indicated later on.

The Institute of Labor and Industrial Relations was authorized by the Illinois Legislature in 1945. The University had been considering the establishment of such an agency for several years. More than one faculty committee had been appointed to explore the objectives, organization, and operation of a special university service in this area of public interest; a field survey had been carried on by a staff member. After considerable further study, it was decided by the University administration to recommend to the Legislature the creation of a specialized institute of labor and industrial relations. The Board of Trustees, on March 9, 1946, formally adopted a broad charter for the Institute; its offices were opened on September 3 last.

It is interesting to note that the Board of Trustees defined the purposes and functions of the Institute rather precisely. As to purposes, the Board said:

The Institute of Labor Relations shall be an administrative agency of

the University responsible for fostering, establishing, and correlating resident instruction, research, and extension work on labor relations.

The three main phases of the Institute's program shall involve research, instruction by extension, and instruction on the campus. It is contemplated that the Institute after its organization will first develop and enlarge programs of research and extension, and secondly promote new courses and curricula of instruction at the University.

The Board's action placed Illinois in the forefront of educational development in this field. Only two other state legislatures—New York (in 1944) and California (in 1945)—had acted to create similarly inclusive programs on their state university campuses. A number of other states had, on the other hand, established one or another special aspect of the Illinois-New York-California threefold program. The broad mandate in Illinois—and in two other important industrial states—seemed to offer at once a more effective basis for the sound growth of such an agency and a more certain guarantee against the unbalanced development of its functions and activities. Experience over longer periods with limited programs on some other university campuses has satisfied most observers that the Trustees' decision to assign the Institute responsibility for providing all three types of service was inherently valid.

At Illinois, the Institute is known as a "horizontal" educational agency, whose organization and staff are intended to correlate and supplement existing faculty and resources, rather than merely to create a new,

and potentially competing, academic entity. The Institute of Labor and Industrial Relations is not deviating from this scheme. While it is beginning the process of staffing and organizing its activities, it is functioning to the fullest possible extent through and with the other relevant divisions and departments of the University. Among them may be mentioned the Colleges of Agriculture, Commerce, Education, and Engineering, the Graduate School, and the Schools of Journalism and Law, the Divisions of Social Welfare Administration and University Extension, and the Departments of Political Science, Psychology, and Sociology in the College of Liberal Arts and Sciences. Other divisions and departments are expected to be closely associated with the Institute's various functions as they expand to include the specialized skills and services of other University agencies.

This basic concept underlying the creation of the Institute indicates that it is designed to integrate all the wide resources already available on the campus and to broaden these facilities through existing channels. The Institute will also seek to focus these resources in order to meet the interests and needs of the individuals and groups in the State most immediately concerned—in both industry and labor. The State-wide community of nearly 8,000,000 people represents for the Institute, as it does for the University, the broader frontier of its services and the deeper subsoil of its purpose and function.

The structure of the Institute as

a horizontal agency suggests that it was intended to be a service agency to labor and management—and to the people—by accelerating cooperative relations on the campus. That intent was further evidenced by the Board of Trustees' action in associating with it two advisory committees. One, the Faculty Council, includes members from several of the divisions and departments noted previously. Through the Council, the Institute will be enabled to establish still closer working relationships with the various divisions and departments.

The other, the Advisory Committee, as it is officially designated, includes fifteen members, five each from industry, labor, and the public. The importance and value of this Committee cannot be overemphasized. Its members, appointed by the Board of Trustees, will be drawn from the ranks of those actively engaged in industrial management, union administration, and civic affairs. They will bring to the development of the Institute the wisdom of their own practical experience and the reflection of the broader concerns and interests of the groups in which they are leaders.

As in New York and California, the Institute of Labor and Industrial Relations at the University of Illinois was conceived as an agency to provide services to labor and management—alike and in common. It was assigned an immediate and a joint responsibility to both groups—and, less directly, to the people of the State as a whole. The tool of education may be as useful to the one as to the other and, in serving

both, may contribute to the general welfare of all the people. How, in the three areas of research, extension, and on-campus teaching, can the Institute serve the common interest in helping labor and management to improve their mutual relations?

The Institute's research program will, it is anticipated, include two broadly similar but differently focused types of activity and project. One will be designed to meet the immediate interest of labor and management groups in the analysis of current problems of administration (both policies and practices) in government, industry, and labor as they affect labor-management relations. It is intended that this type of study will grow out of direct contacts with and suggestions from those actively engaged in the administration of industry and of unions. The fact that wider knowledge of current practices and standards in every aspect of effective management, whether in unions or in industry, is a matter of concern to both groups needs no argument here. How far the Institute's services can be of immediate utility to both groups in this respect can be tested only by experience. The potential seems great; field contacts will, as they develop over the next year or two, offer a significant test of the potential. It can be converted into actuality to whatever extent genuine cooperation among labor, management, and the Institute proves feasible in the conduct of this type of field survey and analysis.

An immediate though limited step toward this type of research has

already been taken by the Institute in establishing an Information Service. Direct written inquiries on questions of fact relating to any aspect of labor and industrial relations will be answered, within the limits of the Institute's specialized resources or those available to it on the University campus. This service has already been utilized by several groups; present indications are that it will be increasingly tapped by those who desire objective information that is not readily available in their own locality.

Back of the Information Service — and of all the Institute's research, extension, and training programs — stands the University Library. The Library of the University of Illinois is already widely known as one of the largest in the country. Its collection of materials on labor and industrial relations is being rapidly expanded so that it is fast becoming one of the major library resources in the country in all aspects of labor-management relations, historical and contemporary. Special collections now in process of expansion are: Illinois labor agreements; labor journals; employee magazines; state, national, and foreign public documents. A collection of original administrative records and documentary histories of the major industrial and labor organizations in Illinois is being developed. It is hoped that the Library may increasingly become the depository for such materials from both union and management sources.

The second type of research which will be undertaken by the Institute will examine those long-

range factors in labor-management relations which require extended study with many different methods of analysis. Here, again, the Institute will serve as a coordinating agency, drawing together those individuals in various departments whose specialized competence can best contribute to discovering answers to the broader issues in our economy. Take, for instance, the unknowns in wage-price relationships in Illinois industries, the conditions of full employment, the relations of morale to productivity, the economic and social effects of industrial decentralization. These are only a few of the myriad questions about which our information today is fragmentary or, at best, incomplete. Answers cannot, of course, be found in a day or a year. Unless we attack such questions soon and with vigor, however, we are not meeting a major challenge of our time—that of making our economy more stable while continuing to raise the standard of living of all the people. Certainly no one would maintain that university research is the only tool available with which to seek answers to these more complex economic and social questions confronting us today. That it is a useful and usable one has been demonstrated too often to require elaboration here. The Institute will seek to further this type of long-range research at the University, to focus its resources in a concerted analysis and appraisal of these related questions.

The second general responsibility assigned to the Institute by the Board of Trustees is extension. The

Institute's extension activities will be administered through the Division of University Extension. This arrangement insures not only the integration of these activities with the Division's general extension program but the conformity of Institute activities in this area with University policy as a whole.

The Institute's extension program is designed, like all its other activities, to provide services to both industry and labor, as well as to the wider community of the State. In developing the program, the preliminary stages must necessarily be experimental, in order to discover the most useful types of extension activity and the best methods of presenting the different educational services which various groups may desire. These services range all the way from short courses (for credit and non-credit students at various levels up to the postgraduate), correspondence courses, and institutes and conferences of one or two days to a week or more, to advisory services on individual reading, conducting forums, using audio-visual materials, and organizing group educational programs. The Institute has recently initiated a cooperative plan with the State Library looking to the provision of circulating libraries on any aspect of labor and industrial relations for individuals and groups throughout the State. In the Institute's extension program there are also envisaged problems implicit in the concept of adult education. All these services will, it is hoped, become directly available to the people living in industrial communities in the State. The full

development of the Institute's extension program must await the recruitment of qualified staff, and rest on the tested results of its initial experimental activities.

The third major aspect of the Institute's program is the initiation of a coordinated training program at the University itself. Here, again, the horizontal character of the Institute's organization defines the method of procedure. Instead of creating a new and separate division of special studies, the Institute will seek to integrate existing resources on the campus within the relevant departments. When necessary, it will cooperate with these departments by adding to the available staff (and so courses) in these departments. In other words, the Institute will seek to bring together, in the divisions and departments concerned, present and new staff members whose special experience will lead to the effective training of students. The Institute's established policy is to collaborate with the various departments in the selection of new staff members whose general field of interest lies in a particular area of instruction. Thus, Institute staff members will also be members of these departments and hold regular academic appointments in them.

The Institute's immediate training program will be primarily at the graduate level. The Institute may suggest expansion of departmental course offerings, or interdepartmental majors in labor and industrial relations for undergraduates, in order to expand existing opportunities for training within present requirements. It will, however, initi-

ate — through interdepartmental cooperation — an integrated program of professional study in the Graduate School.

Four major areas have been selected for this program: labor economics (including collective bargaining, social security, and labor legislation); labor union organization and administration; personnel management; and human relations in industry. No better demonstration could be offered of the possibility and the value of interdepartmental cooperation than is indicated by a preliminary survey of existing instruction on the University campus. This survey has disclosed that interest in one or more of the four areas mentioned is found in more than twenty departments. The function of the Institute will be to promote this departmental interest by providing a means of coordinating these resources.

The Institute's emphasis on graduate professional training differs from that of some other similar enterprises, such as the New York State School of Industrial and Labor Relations, in which attention is chiefly directed to a specialized undergraduate curriculum. The belief of those who drafted a blueprint for the Institute, and of its staff, is that there is a growing need for professionally trained men and women in labor and industrial relations, and that adequate training can best be achieved at the graduate level. Industrial and labor organizations of all sizes and types, together with a wide range of government agencies, are seeking more and more to build professional staffs to adminis-

ter the specialized activities necessary for effective administration today — in this as in every other field of our economic life. The training of a small number of adequately prepared specialists in the relevant fields is a present and urgent need which our universities can meet with their educational facilities.

The Institute's training program, like that of the School at Cornell and others, will include more than a campus experience. Every student will be required to devote as many as six months to supervised work in labor organizations and management offices or shops as "interns." The internship will be in addition to regular course requirements for the master's or doctor's degree. During this period, each student will be exposed to the conditions of actual on-the-job service. He will be directly supervised by those who are in the best position to appraise his capacities — personal qualities no less than professional abilities. Here will be tested his ability to serve effectively as a subordinate member of a team in the surroundings and atmosphere of a going organization. Satisfactory performance during his internship will be required for the degree and will be included in his academic record. The Institute has already received encouragement from many industrial and labor organizations in Illinois, and the promise of their cooperation, in developing an effective internship program.

It would be interesting here to

explore the range of job opportunities which a training program of this kind may serve. Such an analysis, recently made by the Industrial Relations Center at the University of Minnesota,¹ and still in a preliminary stage, lists 26 separate jobs (with several levels in each) in labor and management organizations alone. It does not include opportunities in government service, in which there are a number of additional specialties. The survey is in itself a valuable guide to staffing requirements in industrial and labor organizations for the effective conduct of labor-management relations. It suggests that a professional training program in the field may be a not unimportant contribution to the improvement of those relations.

Through this program, a great state university is seeking to explore new frontiers, deepen insights, and increase understanding and cooperation between labor and management. The achievement of this aim is of the deepest public concern for the future economic and social welfare of all the people and needs no reiteration here. The general welfare of the entire Illinois community of nearly 8,000,000 people rests on the foundation of a stable economy and a democratic society. The tool of education, in the three aspects of research, extension, and academic training, can become a potent instrument to that end.

¹ Industrial Relations Center, University of Minnesota, *Jobs in Industrial Relations* (Minneapolis, June, 1946).

Great Britain's Position in International Trade*

FRANK W. FETTER

Professor of Economics, Haverford College

IN the opening paragraph of *The Winning of the West*, Theodore Roosevelt says that "the most striking feature in the world's history" of the three previous centuries was the spread of the English-speaking peoples over the world's waste spaces. The economist in his field could not make a statement quite so sweeping, yet there is no doubt that one of the most significant economic developments of the 19th century was the rise of Great Britain to a pre-eminent position in the field of international trade and finance. This position of leadership was, up to three decades ago, so dominant in the world economic picture that most of the world rather assumed that it was part of the natural economic order. Yet, in reality, it was remarkable that Great Britain (including Ireland) — a country which in 1800 had an area of less than 225,000 square miles and a population of less than 15 millions — could achieve the place in world trade and international finance that she held in the 19th century. The situation is even more striking when we consider that Great Britain, including Ireland, at the height of her economic greatness

had a population of barely 45 million people, and that about three-fourths of that population was in England, in an area smaller than the State of Illinois.

If the rise of Great Britain to this position of economic leadership was a development of world-wide consequence, the events of the last three decades — particularly of the last seven years — which have seriously challenged Britain's position and have raised grave doubts in the minds of many persons as to the whole economic future of Great Britain, are no less significant. Naturally, the matter of their future international economic position is of profound importance to the British themselves, but it raises very important questions for the United States also, particularly as it relates to the attempt of this country to restore a system of multilateral trade based to the greatest extent possible upon a system of free enterprise.

In 1913 Great Britain's imports were nearly 20 per cent, and her exports nearly 15 per cent, of the total international trade of the world. In cotton, wool, beef, mutton, butter, and many other raw materials and foodstuffs, she provided the market for 30-95 per cent of the total that moved in international trade. She was the world's greatest

* This is the substance of a talk given under the auspices of the Department of Economics at the University of Illinois.

exporter of textiles, of coal, and of machinery. It is true that her proportion of world trade in many products had fallen with the industrial development in other countries, particularly in the United States and Germany, but the absolute amount of her trade continued to increase. The position of Britain seemed to confirm the view of John Stuart Mill that the British should rejoice in the prosperity of other countries because that prosperity brought greater prosperity to the British. Great Britain was also the world's greatest creditor nation, with net investments of over \$15 billions, and these investments had been increasing steadily for nearly three-quarters of a century.

This achievement of a small island kingdom of some 45 million people is all the more remarkable when we consider the meager natural resources of Great Britain. With the exception of coal, she was not particularly well endowed with the resources of modern industrialism. Her deposits of iron ore, although adequate, were not abundant; her tin and copper deposits, adequate as they may have been in the 17th century, were extremely limited, according to 20th century standards; she had no petroleum within her own borders, and few of the non-ferrous metals which were coming to play so great a part in modern metallurgy were found in Great Britain. Great Britain was essentially a workshop, and her position in the field of international trade and finance, and the power and leadership that she had in the modern world, were based largely

upon the capacity of the British to fabricate cheaply and to market effectively the products of modern industry. Industrial organization, invention, enterprise in the opening up of new markets, together with domestic political stability and the opportunities that the free enterprise system offered to enterprising and resourceful men — all combined to give to Great Britain a great industrial organization on the basis of rather limited natural resources.

The position of Britain in the international economic picture was strengthened by receipts of nearly \$500 millions a year from her shipping, and by income of approximately a billion dollars a year on foreign investment. Contrary to a common belief, which economists have sometimes furthered in unguarded statements, up to 1914 the British did not finance their large excess of commodity imports over commodity exports with earnings on their foreign investments. Instead, these imports were financed out of shipping and other current services, and the earnings on their investments went to increase the already large creditor position of the country.

Even before 1914 there were signs that the international position of Great Britain was less secure than it had been a quarter of a century before. The spread of technology to other countries was seriously threatening the market for the staple British exports. The rise of petroleum and of hydroelectric power as rivals of coal took away some of the advantage that Britain had enjoyed in her rich deposits almost at tide-

water; and the coal problem was further complicated by the exhaustion of some of the best deposits and by the apparent inability of the British coal industry to make full use of modern methods. The rise of Japanese, Norwegian, and southern European shipping as competitors for the lucrative tramp trade was a further unfavorable development in the over-all international economic position of the country.

During the First World War the British lost a small part of their overseas investments, but in 1920 Great Britain was still a net creditor to the amount of close to \$15 billions. A far more serious situation after the First World War was the increasing difficulty in maintaining her competitive position in world markets, particularly in the old staples of coal, textiles, and steel. This situation was aggravated by the British decision in 1925 to return to the gold standard and at the old parity, and by the subsequent downward movement of gold prices, which thus imposed a two-fold deflation upon the British economic structure. Throughout all the period of the 1920's, however, Britain stuck to an approach to international trade that she had adopted nearly three-quarters of a century before: free trade, no imperial preference of any significance, and no exchange control or any other form of bilateralism.

After the abandonment of gold in 1931 and the adoption of a protective tariff in the following year, Great Britain's trade policy veered away from the old multilateral approach, and she adopted a number

of measures that were intended to channel her trade, both export and import, in the direction of particular countries. The Ottawa Agreements of 1932 made preferential tariffs and trade quotas important factors in British Commonwealth trade. Later, Great Britain made a number of bilateral arrangements with non-British countries, notably with Argentina and the countries of northern Europe. In many cases these countries had export balances in their trade with Great Britain, and the purpose of the agreements was to force these countries to buy more British goods under the threat of having their own markets in Great Britain curtailed.

Many British, in particular civil servants and professional economists, had grave doubts as to the wisdom of these bilateral trading methods for the long pull, for they felt that in so far as these arrangements were successful in expanding British exports in particular countries, competition in other countries would be intensified, and pressure would increase for the exclusion of British goods from countries that had an import balance in their trade with the United Kingdom. They pointed out that the net result of a thoroughgoing bilateralist policy would be to reduce the total of world trade and of British trade, and that bilateralism would have a serious effect on London's position as a center of international trade and finance.

After the outbreak of war in 1939, British bilateralism was soon extended to include rigid monetary controls upon all transactions with

countries outside the sterling area, an area that for most of the period since 1939 has included the entire British Commonwealth, except Canada and Newfoundland, and, in addition, Egypt, Iraq and Iceland. At the end of the war, principally as a result of great war expenditures of the British in many countries both inside and outside the sterling area, Great Britain had a foreign debt of about \$12 billions in the form of blocked sterling balances held in London. In addition Great Britain had sold, since August, 1939, some \$5 billions of her foreign investments in order to meet war expenditures. Furthermore, Britain's exports, as a result of her all-out war mobilization, were at the middle of 1945 barely a third, in volume, of what they had been in 1938. American Lend-Lease and Canadian Mutual Aid had supplied most of the essential imports, and had permitted Britain to reduce her exports to a much greater extent than did the United States. By the end of the war Britain's rock-bottom import needs were far greater than could be possibly covered by her exports for several years to come, even if no payments were made on blocked sterling balances.

The net earnings on foreign investment—even assuming that no interest payments were made on the blocked sterling balances—would probably be only about one-half of the 800 million to a billion dollars a year that the British had obtained from foreign investments in the 1930's. The prospect of earnings from British shipping was much

less favorable than it had been in the 1930's.

It was a dark economic picture that faced Great Britain on V-J Day. Americans might well rejoice at the lifting of all gasoline rationing and at the prospect that food rationing would soon be a war memory, but to the British V-J Day presented a series of economic problems that they knew would continue long after the fighting had ceased. Even stout-hearted British who had been undaunted after Dunkirk and who had been confident during the Battle of Britain were grim when they considered the immediate economic prospect that faced their country in the fall of 1945.

To expand exports was imperative, if the British were to maintain a standard of living even equal to that of the prewar period, and if they were to survive as a great power. The only question was what methods they should use in attempting to restore their export trade. In view of the price changes, as well as of the loss of earnings in foreign investment and shipping, at the close of the war British officials estimated that in order to pay for a volume of imports equal to the British imports in 1938 it would be necessary for Great Britain to export at least 50 per cent more in quantity than she had exported in 1938.

In the discussions of bilateralism, particularly in regard to German trade in the 1930's, the impression became rather prevalent with the public that bilateralism somehow enabled a country to perform miracles in trade. Bilateralism, however, does not enable a country to get

around the basic principles of trade, and it calls for exports just as multilateral trade does. What bilateralism offers is the chance to use to the full the bargaining power that a country has in trade relations with another country as a result of an import balance with that country. This bargaining power can be particularly great for a country like Great Britain, which in a number of cases bought a large part of the exports of particular products from individual countries.

Many of the British, at the end of the war, believed that the only hope of rebuilding the exports to the extent necessary to pay for absolutely essential imports was to continue and extend the wartime system of bilateral trade. Supporters of such a trade policy figured that by limiting the use of sterling proceeds to the purchase of British goods, by making payment for part of the imports of Great Britain in sterling that could not be used for any purposes for the time being—in effect, a loan from a country that had little choice but to sell in Great Britain—and by a further liquidation of the already reduced foreign investments, the country might, with the most rigorous austerity measures, carry through until the export trade had been restored. A few British economists and some British exporters frankly rejoiced at the prospect of a permanent system of bilateralism of this type, but a great majority of the British people, and certainly most British economists, dreaded the adoption of full-fledged bilateralism as a peacetime policy, for they felt that the long-run effects

would be a serious blow to Britain's position as a great trading nation. But, given the position of Britain at the end of 1945, such a program of bilateralism seemed the only way out unless extensive financial aid were available from the United States.

A primary objective of American economic foreign policy is the re-establishment of the world economic system that was shattered by the events of the 1930's and by the Second World War. Entirely aside from what Americans might feel as to the fate of Great Britain, the program of bilateralism that Great Britain was contemplating was a serious threat to the American program for the re-establishment of multilateral trade on a non-discriminatory basis, and to the program of the International Monetary Fund for the stabilization of exchange rates and the removal of exchange controls. The carrying out of the bilateral program that the British had in mind might have meant an economic split between the victorious Allies, with the prospect of the breakup into two—or possibly three or four—trading areas, similar to the sterling area, with serious consequences for the world political situation. It was against this background that the United States proposed a credit to Great Britain, to be used as a means not only of facilitating economic recovery in Great Britain, but also of permitting that country to go back to a multilateral trading basis in the near future.

The debate over the British financial agreement has now passed into history, but in considering the pres-

ent position of Great Britain in international trade it is worth while to review briefly some of the provisions of that agreement. The British estimated that it would take at least three years to restore their export trade to a point where current international receipts could pay for their minimum import needs, and that in that three-year period they would have a deficit of about \$5 billions in their balance of payments. The financial agreement that we made with the British provided a sum that, in connection with a credit from Canada and perhaps with a few small liquidations of British overseas holdings, was estimated to be sufficient to cover the British deficit in this three-year period. In the credit arrangement Great Britain agreed that beginning one year after the credit went into effect, all current transactions between Great Britain and other countries, both inside and outside the sterling area, would be free from exchange restrictions. Furthermore, any payments that Great Britain makes on the blocked sterling balances in London would be freely available on a non-discriminatory basis for current transactions in any part of the world. That first year will end in July, 1947, and thereafter the carrying out of this commitment by Great Britain will affect the whole pattern of the international trade relations not only between the United States and Great Britain, but between the United States and all other countries, and indirectly between third countries. Under the terms of this agreement, for example, if Denmark has an ex-

cess of exports over imports in trade with Great Britain, these sterling receipts of Denmark, instead of being blocked as they now are, will be available to Denmark to pay for American automobiles, Chilean nitrate, or Argentine flaxseed.

This financial agreement cannot, any more than can bilateral trade agreements, perform economic miracles. Under the agreement, just as much as under any bilateral trading schemes that the British might have evolved, it will be necessary for Great Britain to expand her exports greatly if she is to put her economy on a sound basis. With the end-of-the-year transition period rapidly approaching, it is a matter of vital concern to the British, and only of less concern to us, how successful the British are in this veritably Herculean task of increasing exports nearly fivefold from the low of 1943, and approximately 50 per cent above the volume reported for the prewar year of 1938.

It is now only a year and a half since V-E Day and barely a year and a quarter since V-J Day. We know from our own experience that reconversion is a slow, and sometimes a distressing, process. On the basis of so limited a period it would be rash to prophesy how well the British will succeed in their long-run objectives, but the figures at hand reveal some important developments. Briefly, in a period of a year the British have doubled the physical volume of their exports. Exports are now three times what they were in the low of 1943, and in October, 1946, the physical volume of exports was nearly 120 per cent of the

monthly average for 1938. Obviously, the significance of this achievement depends on whether the rate of progress of recent months is maintained, or whether, as some British fear, exports are showing signs of leveling off at about 120 per cent of the prewar figure.

These results, no matter what their long-run significance may be, are little short of a miracle. They are a tribute to the spirit in which the British have approached their postwar economic problems. This remarkable revival of exports is to a considerable degree the result of a deliberate policy of building up foreign exchange at the expense of the home market. In addition to the high rates of taxation which reduce the domestic purchasing power and hence increase the likelihood that on a price basis goods will go into the foreign market, the British have not hesitated to apply the most rigorous, direct controls to limit the new production that is available for home consumption.

The results of this policy would indeed puzzle the international trade theorists who tried to analyze British trade in terms of more traditional concepts of comparative advantage. Whereas we in the United States are exporting a smaller part of our production of many durable consumer goods than was the case before the war, and even that limited export is causing protests from a public angrily demanding automobiles, electric iceboxes, and similar articles symbolic of the American standard of living, the British are not only filling export markets that we previously supplied but in some

cases are actually selling in the American market articles that we had been regularly exporting for many years before the war.

In recent months Great Britain has been exporting nearly twice as many passenger automobiles and nearly ten times as many trucks per month as in the four-year prewar period. In the prewar period their exports of these were a bare 15 per cent of production; in recent months exports have been nearly 40 per cent of production. Exports of what the British official statistics call "pedal cycles" have been running well over twice the prewar figures; the same is true of motorcycles and railway rolling stock. Radio receiving sets have been going out in nearly six times the prewar quantity, and manufactures of the non-ferrous metals are going out in two, three, and even four and five times their volume in the immediate prewar period.

As is true of so many statistical data, different persons with varying biases or dispositions have drawn quite different conclusions from these figures of British exports in the newer lines, so different from the standard British exports of thirty years ago. Some point out that the success of the British in these lines should dispel the old myth of a lack of enterprise and imagination in the British businessman. On the other hand, people of a more pessimistic turn of mind regard this large export of articles that formerly did not figure prominently in the country's foreign trade as revealing a serious situation. They fear that, once the sellers' market in these articles comes

to an end, the British will not be able to hold their own in these lines with American and other competition.

Regardless of which interpretation is right, one thing seems clear; if the British are to hold their position as a great trading nation, it will be possible only through the building up and maintaining of a substantial export market in these newer products, for the handwriting on the wall is written clearly in large letters that the British export market in the staple products of a quarter of a century ago will never be restored to anywhere near the earlier figures. The decline in some of the more traditional British exports is fully as striking as the increase in these newer lines. Coal in Great Britain seems to carry the same connotations of economic difficulty that it has come to have in the United States. At the present time exports are running a bare 10 per cent of what they were in the four-year prewar period (1935-1938), and in that period the tonnage of coal exports was little over half what it was in 1913. The British have pretty well written off coal as an item in their country's post-war export trade. Similarly the textile trade, once the principal item in British exports, has shown little recovery from the low point of the war period, and recent exports of cotton piece goods are barely a third of exports in the middle 1930's; even then British textile exports were less than a half of what they had been in 1913.

The statistical picture fully backs up the prophecies of the 1920's

and 1930's that Britain would lose forever her great overseas market in cotton textiles. That does not mean that some market will not continue, especially in the finer grades of textiles. In textiles, as well as in other lines, the British are in a better position to supply a high-quality specialty article for which the typically American mass-production methods cannot be used. The maintenance of a high level of national income in the United States will undoubtedly provide an increased market for fine textiles, both cotton and woolen, and many other specialty products. So many British export lines, whether pottery, textiles, or that product from north of the Scottish border that appears in British official statistics under the disarmingly innocent title of "spirits," are in the semi-luxury class so far as the United States is concerned. With rising national incomes the marginal propensity of the American consumer to buy such products is probably very high, which helps to explain the great concern that the British have over the maintenance of prosperity and a high national income in the United States. In fact, one could almost say that the British are perhaps more concerned about the maintenance of prosperity in this country than we are ourselves, because they believe—and I think quite rightly—that an American depression approaching that of the early 1930's would be a disaster for them.

The question of American national income is important for British prosperity, regardless of what

our tariff policy may be, but it is also true that with any given national income the amount of international trade is to some degree a function of the country's tariff policy. We in the United States, because of our dominant economic position in the world and because of our interest in restoring a trading system on a multilateral basis that will permit the maximum possible exercise of individual action in the field of trade, have a grave concern in the success of the trade negotiations that are to follow the recent meetings in London. The British have an even more immediate economic concern in those conferences than we have, because world tariff policy will affect the British economic position and the British living standard in a more immediate and direct way than it will affect the economic situation in the United States. But, particularly for the long pull, we have a fundamental interest in providing greater opportunities for other countries to trade, because unless this is done there is little hope for world trade except on what would be practically a government-to-government basis. Furthermore, it is in the long run to the economic and political interest of this country that the United Kingdom remain a strong nation, and it cannot be strong un-

less it is part of a world in which there are reasonable opportunities for international trade.

With regard to the basic question—the position of Great Britain in international trade—the answer is still uncertain, but the developments of the last year and a half have shown a fundamental strength in the British economic position that, in the dark days of the war, few people, except the British themselves, believed was there. Given a continuation of high income levels in the United States, given a reasonable success in the coming international trade conferences, there is a good chance that Great Britain will restore an equilibrium in her international position far short of the \$5 billions deficit that was estimated a year ago. Great Britain will never get back to the position she held in international trade in the heyday of her greatness, but the great progress that she has made in re-establishing her position is living evidence that economic strength is more than raw materials—more than manpower. It is a tribute to political stability, to economic organization, to the capacity to adjust relations between labor and industry in a way that enables the full power of the country to be utilized in the production of goods and services.

Should Cooperatives Be Tax-Exempt?

WILLIAM E. SCHENK

Assistant in Economics, University of Illinois

PRODUCERS' and consumers' cooperative associations have become a prominent feature of the American business scene. They have entered one field of enterprise after another, broadened their range of activities until they handle almost every conceivable type of commodity, and enlarged their membership to include a substantial cross section of our national population. A survey by the Bureau of Labor Statistics discloses that in 1944 there were 14,194 organizations of this type. They had 5,595,800 members, and their total gross volume of business for the year amounted to \$5,695,250,000.

One reason for the present magnitude of the cooperative movement is that, taxwise, cooperatives have enjoyed a significant advantage over competing organizations of other types. These competing forms include individual proprietorships, partnerships, and corporations, all of which are subject to taxation in such a way that tax must be paid upon any net income attributable to the operations of the organization. In the case of proprietorships and partnerships, this is accomplished by requiring owners to pay tax on their respective shares of earnings of the enterprise whether these are actually distributed or not. But cooperative enterprises in many cases are exempt from any tax upon their income; hence, if they compete with

organizations of other types, they enjoy a distinct competitive advantage.

The cooperative form of organization may have other advantages also. Its advocates maintain that it operates more efficiently than other organizational types. They point out that its one-vote-per-member method of determining policies is essentially more democratic than the practices prevailing in other forms of organization. However, opponents of the movement deny these assertions, and argue that cooperatives merely appear more efficient because their managers are not paid what they are really worth, or because other aspects of their true cost situation are not shown in their balance sheets.

This article will not attempt the evaluation of these contradictory claims. The evidence is both conflicting and inadequate. The relative merits of cooperatives and other forms of business organization are not of direct concern in this discussion.

Effects of Federal Tax Policy

The immediate purpose of this inquiry is to point out the effects of our present Federal tax policy toward these organizations, and to suggest improvements in that policy which will, simultaneously, put the cooperatives on a more equitable basis with their competitors in re-

gard to tax costs, and result in a greater flow of revenue into the Treasury.

The first consideration is the more important. By establishing a uniform basis of tax costs for the cooperatives and their competitors of other organizational forms, one of the important handicaps that have hitherto prevented complete fairness of competition between them will be removed; each group will thus be given a fair opportunity to demonstrate any inherent superiority it may possess. A revamping of our present tax-exemption policy would therefore eliminate one of the major unknown quantities in the field of controversy. It would materially simplify the picture and make it easier to get at the real truth of the matter.

As we shall see, the second consideration—the obtaining of additional revenue through the termination of tax exemption in certain cases—is hard to estimate quantitatively and might prove to be of minor significance. It is, however, the motive that recently led Congress to institute an inquiry into the nature and the results of the present policy, with a view to reconsideration and eventual revision.

Here, on the contrary, our first concern is with the effect of such a change in tax policy as a major tool of social policy. Specifically, it is recommended that the tax policy be so altered as to insure that cooperatives will pay taxes of the same kinds, and at the same rates, as other types of organization set up for similar purposes. Such a change would provide an opportu-

nity for cooperatives to prove their efficiency, or their popularity, on a competitive, unsubsidized basis.

For, it must be recognized, tax exemption invariably is in effect a subsidy. Any organizations, cooperative or otherwise, which do not pay taxes still benefit from the protection and the developmental and other services of government to the same extent as do those enterprises which are subject to tax. In addition, in all fields of industry in which some concerns are tax-exempt the taxpaying organizations must contribute to government not merely enough to finance the benefits they themselves receive, but a further amount to pay for the services furnished gratis to the exempted group. The result is a double burden on the taxpaying organizations.

Thus, if an organization that is subject to tax competes with one that is tax-exempt, as is the case with many cooperatives, the former must increase its efficiency, or by some other means lower its costs, sufficiently to compensate for the amount its exempt competitor saves through freedom from taxation. Otherwise, in the long run its losses will force it out of business. The easiest course, naturally, is to abandon the enterprise in question for one in which no tax discrimination is involved; this frequently means selling out to a cooperative. The end result of the process may be that an entire industry comes to be dominated by the cooperative type of concern.

Such a result may be unobjectionable if it is true that cooperatives

are the more desirable form of organization. But, for every taxpaying concern that sells out to a cooperative, or that sees its income dwindle as the cooperative attracts more and more of its former trade, there is a further shrinkage in the revenue which the industry of which it is a member contributes to government. Sooner or later, it seems, if revenue is to be maintained at previous levels, exemption will have to end and all organizational forms be taxed alike.

It may be argued that the cooperative form is so desirable that it should be allowed to reach its limit of expansion before it is compelled to pay taxes. Its desirability, however, has not been completely proved—could perhaps, as we have seen, be adequately proved only if its exemption were terminated. Meanwhile the government is forgoing the revenue which cooperatives would provide were they subject to tax.

In any case, such an indirect subsidy is hardly the best way to advance the cooperative movement, even if that proves to be desirable. Its amount is not definite; its effects are hard to trace; and its costs are borne not by society as a whole, as are those of a direct subsidy, but by the other types of organization that are forced to compete with the exempted ones. If the cooperative method of doing business is to predominate, it should be sponsored openly and its expansion should be financed more directly. It might be financed by grants of money or, even better, by the creation of easy credit, at low interest rates, to fur-

ther its continued expansion. The only virtue of the present indirect policy is that it saves the cost of collecting taxes from the exempted organizations and of doling out the proceeds in the form of direct subsidies.

One other matter to be considered is that not all cooperatives are socially or economically desirable, even though they should ultimately prove to be more efficient purchasing or marketing organizations than their competitors. In particular, many producers' cooperatives develop into local, regional, or even national monopolies, with the usual results of higher prices to consumers and far from efficient operation. Not all the consequences of monopoly, however, are necessarily bad. A monopoly established, as many farm producers' cooperatives have been, in a field in which ruinous competition had previously prevailed can actually benefit both producer and consumer. But it remains to be seen whether the fact that a monopoly is cooperative will guarantee the beneficence of its price and sales policies. Uncontrolled growth of producers' cooperatives, for example, may prove to be no unmixed blessing, and either direct or indirect subsidization of them can hardly be justified.

Intent of the Federal Internal Revenue Code

Perhaps the most telling point against the current policy of subsidizing cooperatives through tax exemption, however, is the fact that such a result was not intended by

those who framed the law which grants such exemptions.

In 1916-17, when the Internal Revenue Code was undergoing revision, Section 101 was drawn by Congress to define those forms of organization which should be exempted from taxation. Two tax-exempt groups were established: the one to include organizations set up primarily for business purposes; the other, those whose chief aim was to carry on nonbusiness activities. The latter group, was subdivided into nine classes, the former into seventeen subgroups.

Fundamentally, the reason for exempting the two main groups seems to have been an administrative consideration. Theoretically, it was assumed that none of the organizations here classified would have any net income as organizations. They would carry on operations for the benefit of their members, and levy upon them for expenses connected with their operations; but at the end of the season's activities any surplus remaining from such assessments would be apportioned among the members.

In theory, that is the way in which such organizations would operate. But here, as so often, theory and fact do not agree, and the fundamental theoretical justification for tax exemption falls to the ground. In practice, nearly all these organizations soon found that it was advisable to purchase property of one sort or another to further their operations, if these proved to be successful. The easy way to finance such purchases, in turn, was to make assessments for that purpose upon

the members. And the simplest method of assessing the members was to hold back part of the proceeds due them at the end of the season, rather than parcel the surplus out and then reclaim it.

In this way, little by little, those organizations whose operations were capable of expansion continued to grow. Generally, the types set up for nonbusiness purposes remained rather small. Also, many in the business group had been organized to provide some service that would be unprofitable for any other sort of concern. This fact established natural boundaries to their operations beyond which they did not expand. Thus, of the twenty-six types of organizations originally exempted, only a few are still growing. Of these, the cooperatives are by far the most important single form, as will be shown later.

The essential point which differentiates the cooperatives from other tax-exempt organizations is their manner of growth. In most cases, they have expanded as a result of withholding part of the proceeds from a season's operations, instead of dividing their surplus among their members in patronage dividends as the Internal Revenue Code presupposes. The earnings retained usually go to enlarge, in one way or another, the total assets of the organization, and thus appear on the balance sheet at the end of the year as an increase in the net worth of the concern.

Earnings withheld in this way may still be credited to the individual member to whom they should be apportioned. In that case, he

should include his share of the withheld earnings in his income for the year and pay an appropriately greater amount in personal income tax. He may, of course, neglect to do so; but except for such outright evasion by individuals, the only loss in revenue resulting from the withholding of earnings is the amount that would have been paid by the organization if set up as a corporation.

There is nothing at all illegal in the present practice. Any inequity resulting from it is not due to tax evasion, but rather to tax avoidance: the concerns do not violate the tax laws, but merely make use of an oversight in framing the law which permits escape from the tax. Legally, there is at present no obligation for most of these organizations to pay taxes on earnings which they withhold.

Many cooperatives, however, do not seek to avoid taxes on their incomes as organizations. Treasury estimates indicate that about 46 per cent of all cooperatives in existence in 1943 paid income taxes just as other corporations did; only slightly more than half of them, then, made use of their privilege of exemption to escape the tax.

A rather simple change in the Code would remedy the situation. Instead of a blanket exemption policy like the present one, the burden of proof of right to exemption could be placed on the organization. All organizations might be required to file returns—perhaps also to pay a filing fee large enough to cover the expense of auditing and other administrative outlays—

and only those which received less than a suitable minimum organization income during the year would be exempt from further payment.

This would terminate exemption, of course, for a far larger group than the cooperatives which are of primary interest in this discussion. In the nonbusiness group that is now exempt, such organizations as educational and charitable institutions would become subject to tax. So would labor organizations, chambers of commerce, social clubs, and many similar categories. In the business group, many types of mutual companies, including those which deal in banking, insurance, irrigation, and telephone service; building and loan associations, credit unions, crop-financing organizations, and production credit associations; land banks, and other farm credit organizations; and the cooperatives—all these would be required to file returns, and probably to pay taxes.

Congressional Survey of Tax-Exempt Groups

With these points in mind, Congress has lately conducted a survey, through its Joint Committee on Internal Revenue Taxation, of the number and the gross and net incomes of organizations currently tax-exempt. A summary of its findings for the year 1943 is contained in a report recently released by the Committee.

For that taxable year, a total of 87,127 organizations had filed returns claiming exemption by the end of 1944. Their total gross income for 1943 was \$5,017.2 millions, against an outlay of \$4,218.8 mil-

lions. Thus the total increase in net worth, in that year, for all these corporations was \$796 millions.

Seventy-two per cent of the total number consisted of nonbusiness organizations, 62,370 in number. Their total gross income was \$1,798 millions, and their gross outlay \$1,531 millions. Thus, for this group net resources increased by \$267 millions in the year. Almost half of this group, numerically, was composed of labor organizations. These numbered 30,406, and had gross income of \$389.7 millions, gross outlay of \$323.4 millions, and a net increase of \$66.3 millions for the year. Obviously, most of them were very small, but 951 reported gross income of \$50,000 to \$1,000,000 each; 31, income of \$1,000,000 to \$5,000,000 each; and 7, income of more than \$5,000,000 each. Some of them also reported sizable net returns. In general, the larger members of this group might well be able to pay worth-while amounts in taxes.

The next nonbusiness group, in point of number, is made up of charitable, educational, scientific, and similar organizations. In 1943, such concerns numbered 8,901, with a gross income of \$828 millions, outlay of \$697 millions, and a net increase in resources of \$131 millions. Some of these also would be able to pay sizable taxes on net income.

It is debatable, however, whether exemption should be terminated for any organization in this subgroup. They perform functions that would otherwise have to be carried on by government; consequently, so long as they are not operated for the

profit of individuals, they might well continue to be exempted, upon the filing of a suitable return to demonstrate their right to such exemption.

Most of the other groups of organizations in the nonbusiness class are rather small and need not be considered separately. On the whole, these smaller groups would contribute little to revenue, and there may be some question as to the advisability of terminating their tax-exempt status.

For exempted business organizations the situation is entirely different. There are not nearly so many of them — 24,757 in 1943 — and they are decidedly larger. Their gross income for that year was \$3,219.5 millions, their gross outlay \$2,687.7 millions, and their resultant increase in net worth \$532 millions. Of this last-named amount, \$163 millions was on hand as undistributed profits from the preceding year.

The two largest business groups which are tax-exempt are building and loan associations and credit unions; together they include almost 11,000 organizations. In 1943, the 4,762 building and loan organizations had gross income of \$280.7 millions and outlay of only \$118.2 millions, leaving a net increase for the year of \$162 millions. The 6,550 credit unions, numerically the larger group, had gross income of only \$13.6 millions and outlay of \$8.1 millions, leaving a net of \$5.4 millions. Clearly, most of the credit unions are too small to contribute much revenue, but the building and loan associations might do so.

The farm cooperatives make up the next largest groups, numbering 4,397. Their total gross income amounted to \$2,234 millions, or 47 per cent of the total gross income reported for all exempt business and nonbusiness organizations combined. Gross outlay for these cooperatives was \$2,094 millions, and their net increase in worth \$140 millions. Of this increase, \$71 millions was still on hand at the close of business for 1943.

Approximately 20 per cent of the reporting cooperatives had gross incomes of less than \$25,000 for the year; if the suggested change were adopted, these would probably pay no taxes. Incomes ranging from \$25,000 to \$100,000 were reported for some 24 per cent of the cooperatives; their total gross income, however, was only about 2.8 per cent of that of the entire cooperative group. Half of the group—2,202 organizations—grossed from \$100,000 to \$1,000,000 each; together they accounted for 32 per cent of total gross income. Only 322 cooperatives reported incomes of more than \$1,000,000 each; they represented only 7.3 per cent of the total in number, but 65 per cent of total gross income.

The only other financially important class in the business group consists of 322 mutual savings banks, which reported a net increase of \$178 millions for the year and a gross income of \$445 millions. All other classes showed some net increase, but the amounts were either so small or so distributed as to promise little revenue if their tax exemptions were revoked.

Ending of Exemptions Justifiable

The figures presented in the preceding section indicate that the cooperatives constitute the most important business element in the entire group of tax-exempt organizations, and that many of them are large enough to contribute sizable amounts of revenue. Worth-while additions to revenue would also result from the termination of exemption for many other types of organization—sufficient, probably, to justify such action.

From the administrative point of view, there would therefore be an advantage in the ending of exemption. So far as the cooperatives alone are concerned, this is somewhat of a side issue. In their case the important thing is not the revenue to be gained by subjecting them to taxation. Rather, it is their need to prove that they deserve a subsidy before they are granted one. Moreover, if they are thought worthy of a subsidy, they should receive it directly, on the basis of merit, not indirectly as the result of an oversight in the framing of the law, as they do now.

They can best demonstrate their merit through the test of competition with other types of business organization, under a tax system that will place equal burdens upon all competitive groups. If the cooperatives prove to be superior, then they may need no subsidy. But if the desirability of a subsidy for them seems clearly established, it can be granted openly on the ground of social policy, a far sounder basis than that of a mistaken assumption in the present Code.

Cooperatives Are Not Tax-Exempt

ROLAND W. BARTLETT

Chief, Agricultural Economics, University of Illinois

ONE of the chief developments that have taken place in the distribution of goods and services within the present century is the growth of farmers' marketing and purchasing cooperatives. In 1944, according to the Bureau of Labor Statistics, all cooperatives in the United States did a total business of \$5,695,250,000, of which \$5,160,000,000, or 91 per cent, represented the volume of business handled by farmers' cooperatives. The remainder of such business is carried on by consumer cooperatives.

The accompanying table, showing the growth of farmer cooperatives in Illinois over a period of approximately thirty years is presented to illustrate the increases that have been taking place in this type of distribution.

What reasons can be put forward for the extraordinary expansion in this field of distribution in recent years?

Without minimizing the many advances in such products as grains, fruits, and vegetables, attention may well be directed to three major factors which have contributed to the growth of farmer cooperatives in the present century, particularly since 1916:

(1) The nation-wide development of the cooperative purchase of feed, petroleum products, fertilizers, seed, and other products;

(2) The acceptance by American

industry of collective bargaining between milk producers and milk distributors and the cooperative handling and distribution of butter and eggs; and

(3) The successful development of cooperative livestock commission associations in most of the larger livestock markets in the United States.

Let us analyze the growth of farm supply cooperatives. The primary reason that farmers buy farm supplies from their cooperatives is because they are able to get quality goods and services at a lower price. Most cooperatives establish a policy of pricing at the market, setting up reserves, and paying net margins, if any, to patrons in cash as a patronage refund. Under this policy, the largest farm supply cooperative in this country, the Cooperative Grange League Federation operating in New York, Pennsylvania, and near-by states, returned \$24,000,000 to its members as patronage refunds from 1938 to 1946. The Illinois Farm Supply Company reports that, since it started operations in Illinois around 1930, the wholesale margin for handling petroleum products has been reduced from 44 per cent to 26 per cent of the retail value of the product, representing an over-the-counter saving to all farmers of 18 per cent. In addition, this company with its local service agencies has paid patronage refunds to farmers

TABLE I

CHANGES IN MEMBERSHIP AND VOLUME OF GOODS PURCHASED AND MARKETED
BY FARMER COOPERATIVES IN ILLINOIS, 1913 TO 1945

Year	Membership	Volume of Goods (in thousands of dollars)		
		Purchased	Marketed	Total
1913.....	25,696	25,696
1915.....	31,077	82	32,680	32,762
1921.....	1,483	68,845	70,328
1926.....	131,000	4,380	190,830	195,210
1928.....	243,900	3,160	150,996	154,156
1930.....	206,700	6,630	197,970	204,600
1931.....	236,650	7,130	185,090	192,220
1932.....	242,850	6,660	145,286	151,946
1933.....	245,200	8,000	113,480	121,480
1934.....	271,900	8,600	114,550	123,150
1935.....	269,630	11,100	130,600	141,700
1936.....	334,540	15,220	146,880	162,100
1937.....	297,840	20,500	204,720	225,220
1938.....	320,060	27,000	249,910	276,910
1939.....	320,820	24,900	198,000	222,900
1940.....	314,510	26,000	162,240	188,240
1941.....	340,790	22,000	170,245	192,245
1942.....	334,050	22,000	174,945	196,945
1943.....	336,040	26,000	256,740	282,740
1944.....	374,720	28,000	341,590	369,590
1945.....	411,780	30,000	386,870	416,870

Source: Data obtained through the courtesy of the Cooperative Division of the Farm Credit Administration, Washington, D. C.

of around 15 per cent of the value of goods sold.

In essence, in their purchasing operations, farmer cooperatives now give to the "family-size" farm the same advantages of large-scale buying as are enjoyed by the large manufacturers of steel or of automobiles. Furthermore, by lowering costs of producing food, farmer cooperatives are operating directly in line with the public interest, since food costs are the biggest single item in the cost of living of consumers.

In view of their rapid growth, we may well ask: Are farm supply cooperatives likely to force independent private companies out of business?

The answer is definitely *no*. In no part of the country do farm supply cooperatives handle all of this business. Farm supply companies in Illinois handle about 50 per cent of the total rural business, whereas independent private companies handle the remainder. Competition afforded by cooperatives has tended to raise the level of quality and

service to all farmers as well as to lower the prices paid for products purchased. This is an excellent example of the operation of a two-party system of business.

Are Cooperatives Altogether Tax-Exempt?

In this country, during the past two years much publicity unfavorable to cooperatives has been based upon two assertions: first, that producers' and consumers' cooperative associations in the country are exempt from taxation; second, that their huge growth during the past few decades has resulted primarily from their privilege of not having to pay taxes. Neither of these statements is correct.

First, let us examine the facts in connection with taxes paid by cooperatives. From what taxes are cooperatives exempt?

A review of the taxes paid by one of the 87 county or regional cooperative farm supply companies operating under the Illinois Farm Supply Company well illustrates the fact that cooperatives are not tax-exempt. In 1946, this cooperative, here called "Cooperative A," sold \$687,000 worth of farm supplies to some 2,500 patrons. Cooperative A paid real estate taxes, personal property taxes, social security taxes, unemployment compensation taxes, sales taxes (occupational expense), and automobile taxes. In addition, Cooperative A, like each of the other 86 county service companies, paid income taxes. In fact, each of these cooperatives pays every tax which is paid by an independent private corporation. In this respect

their policy differs from that of some cooperatives which claim exemption from the corporate income tax.

Corporate income tax. Thus, the only tax from which a cooperative may be exempted under present statutes is the corporate income tax. The relative unimportance of this tax-exempt privilege is indicated by the fact that in 1943, according to the United States Treasury, about 46 per cent of all cooperatives in the country paid income taxes in the same way as private corporations. About 50 per cent of the 10,300 farm cooperatives in the United States paid corporate income taxes in 1945, according to the Farm Credit Administration. In 1946, Cooperative A paid a corporate income tax of \$3,210.

Real estate and personal property tax. Taxes on capital invested in land, building, storage tanks, and personal property of Cooperative A in 1946 amounted to \$722. Cooperatives are not exempt from township, municipal, county, or state property taxes.

Old age and survivor's insurance tax. The social security tax for employees of Cooperative A, paid as an expense in 1946, amounted to \$690. Cooperatives pay the same social security taxes as independent private corporations.

Unemployment compensation tax. Cooperative A in 1946 paid an unemployment tax of \$550. Cooperatives are subject to the same taxes for unemployment insurance as independent private corporations.

Sales taxes and automobile taxes.

Cooperatives are subject to the same sales taxes (occupational expense) and automobile taxes as private corporations. In Illinois, consumers pay a 2 per cent sales tax (occupational expense) for most goods purchased. On a \$1,000 truck, for example, the sales tax amounts to \$20. In addition, cooperatives pay the same fees for automobile, truck, and operator's licenses as are paid by independent private corporations.

Should Cooperatives Be Exempt From Corporate Income Taxes?

Boiled down, the underlying question, as pointed out by some students of the subject, is not whether cooperatives should be exempted from paying taxes. The fact is that both farmer and consumer cooperatives do pay every tax paid by independent private corporations *except the corporate income tax*. And, as stated, 46 per cent of all cooperatives voluntarily paid the corporate income tax in 1943. Hence, the real question is: Should any cooperative be exempted from paying the corporate income tax?

As has been explained, most cooperatives establish a policy of pricing goods at the market, setting up prudent reserves, and paying net margins, if any, in cash to patrons as a patronage refund. Patronage refunds, in essence, constitute a reduction in costs, and as such *should not be subject to a corporate income tax*. This fact is clearly recognized by most students of taxation. For example, Morris Sayre, a director of the National Association of Manufacturers, recently stated:

"There is no justification for taxing at the source patronage refunds paid to customers of cooperatives. . . ."

Hence, the real question is whether cooperatives should be taxed for savings withheld for reserves or should be exempt from the taxing of these reserves. Under present statute, bona fide cooperatives can set up for necessary purposes reasonable reserves which are exempt from the corporate income tax. Under commissioner rulings, however, the equities in these reserves when they are credited to the account of the individual member usually are taxable as personal income of the patrons.

While some sincere cooperative leaders believe otherwise, in the writer's opinion the foundation for continued growth of cooperatives will be strengthened by changing this statute so that reserves of all cooperatives are taxed in the same way as reserves of independent private corporations.

Cooperative A referred to above, now has a net worth of \$147,073, of which \$57,550 was obtained from the sale of stock and \$89,523 from reserves withheld from net earnings. Payment of the corporate income tax has not hindered the progress of Cooperative A, or the 86 other member companies in the Illinois Farm Supply Company. It has held its own in competition with the Standard Oil, Shell, Texaco, and others supplying petroleum products to farmers and has built up a well-patronized business.

Some cooperatives, particularly during the war years of high corporate income taxes, have benefited

materially by the exemption from the corporate income tax. The growth of the cooperative movement in the United States in the present century, however, has not been due, in any great degree, to the tax-exemption privilege. Rather it has resulted primarily from the ability of cooperatives to break down monopoly prices and to handle products more efficiently than independent private businesses.

Many forward-looking people in the country are looking with alarm

at the trend of government ownership and operation of business which is now sweeping the world. The American farmer cooperative is deeply rooted as an organic part of our system of free enterprise. Cooperatives have a sound foundation and are a bulwark in that system. One of the best ways to combat the tidal wave of government ownership is by a large expansion of a "two-party system of business" in which cooperatives vigorously compete with independent private business.

Foreign Trade in 1946. — The United States Department of Commerce recently estimated that in 1946 this country provided foreign countries with \$8,200,000,000 more of goods and services than it received from them. The total value of goods and services furnished to other nations last year, \$15,600,000,000, was only about one billion dollars less than the amount reported for 1945, which included approximately \$7.4 billions in straight lend-lease. The United States, however, would have taken more imports if the other countries had been able to supply them.

Outlook for Production and Jobs. — In a word, then, our view as to the outlook for production and jobs is that it should be more than ordinarily favorable for a period of some years ahead. In spite of certain conditions that might make for a dip in 1947, we believe that courageous and sensible action by those responsible for the administration of private business relations (including labor unions) can at least hold such a recession to moderate proportions if not avert it. Thereafter, it would seem that broad basic conditions suggest that it will be easy to have some years of high production, employment, and purchasing power without the display of any extraordinary economic statesmanship by leaders of industry, labor, farming, and finance. In those years, however, we should not be satisfied with a level of production and conditions of use which fail to produce favorable results for all sections of the country and all segments of the population. In those years, also, if foresight is not keen and action vigorous, the stage will be set for serious unemployment, underproduction, and want in the years that follow. — From the First Annual Report of the Council of Economic Advisers, December 18, 1946.

New Business Capital. — During the war years a part of the unprecedented sums borrowed by the Federal government was spent directly or loaned to business for the purchase of new plants and equipment. The expenditure of that money helped push industrial production to record high levels. Money raised by the sale of new corporate securities has replaced Federal government borrowings as the main source of new business capital. . . .

The raising of large amounts of new business capital reflects the fact that businessmen have a high degree of confidence in the future. Their policies are based on long-term expectations. Many expect to produce improved old products, or new products developed during the war. — From *Cleveland Trust Company Bulletin*, January 15, 1947.

Living Costs. — The high cost of living is one of the major economic problems of 1947. The trend of the relationship between incomes and living costs for some time past has been unfavorable. Per capita national income after taxes almost doubled during the war, while the cost of living, according to the Bureau of Labor Statistics consumer price index, increased only 30 per cent. Since the end of the war, however, the increase in disposable income per capita has been less than 6 per cent, while the cost of living, using the figure for November 15, increased 17.2 per cent. Most of the jump has occurred in the past five months. This is moving in the wrong direction. If the cost of living can be cut without an equivalent decline in national income — which is possible by increasing productivity — real purchasing power will rise, and nothing could so improve the outlook. — From the January letter of the National City Bank of New York.

Position of Agriculture. — During 1946 the farmers of this nation produced the greatest amount of food and fiber in history in response to worldwide food scarcities. In a sense the American farmer continued on a war footing throughout the year. He worked long hours and his production was as vital to the public welfare as it was in the years of actual fighting.

He also reaped great benefits. Farm income has never been higher, for along with record-breaking output have gone very high prices. At the close of 1946 farm prices were two and one-half times their prewar level. The parity ratio, calculated by the Department of Agriculture for all crops and livestock, stood at 124 on November 15. — Chester C. Davis, in the *Monthly Review* of the Federal Reserve Bank of St. Louis, January 1, 1947.

APR 21

The following is a list of the names of the persons who have been appointed to the various committees of the Board of Directors of the City of New York, for the year 1911.

The Board of Directors of the City of New York, for the year 1911, has appointed the following committees:

1. Committee on the Administration of the City of New York, consisting of Messrs. [names] and [names].

2. Committee on the Finance of the City of New York, consisting of Messrs. [names] and [names].

3. Committee on the Public Works of the City of New York, consisting of Messrs. [names] and [names].

4. Committee on the Police of the City of New York, consisting of Messrs. [names] and [names].

5. Committee on the Fire Department of the City of New York, consisting of Messrs. [names] and [names].

6. Committee on the Health of the City of New York, consisting of Messrs. [names] and [names].

7. Committee on the Education of the City of New York, consisting of Messrs. [names] and [names].

8. Committee on the Parks and Recreation of the City of New York, consisting of Messrs. [names] and [names].

9. Committee on the Public Safety of the City of New York, consisting of Messrs. [names] and [names].

10. Committee on the Public Health of the City of New York, consisting of Messrs. [names] and [names].

The following is a list of the names of the persons who have been appointed to the various committees of the Board of Directors of the City of New York, for the year 1911.

The Board of Directors of the City of New York, for the year 1911, has appointed the following committees:

1. Committee on the Administration of the City of New York, consisting of Messrs. [names] and [names].

2. Committee on the Finance of the City of New York, consisting of Messrs. [names] and [names].

3. Committee on the Public Works of the City of New York, consisting of Messrs. [names] and [names].

4. Committee on the Police of the City of New York, consisting of Messrs. [names] and [names].

5. Committee on the Fire Department of the City of New York, consisting of Messrs. [names] and [names].

6. Committee on the Health of the City of New York, consisting of Messrs. [names] and [names].

7. Committee on the Education of the City of New York, consisting of Messrs. [names] and [names].

8. Committee on the Parks and Recreation of the City of New York, consisting of Messrs. [names] and [names].

9. Committee on the Public Safety of the City of New York, consisting of Messrs. [names] and [names].

10. Committee on the Public Health of the City of New York, consisting of Messrs. [names] and [names].

The following is a list of the names of the persons who have been appointed to the various committees of the Board of Directors of the City of New York, for the year 1911.

The Board of Directors of the City of New York, for the year 1911, has appointed the following committees:

1. Committee on the Administration of the City of New York, consisting of Messrs. [names] and [names].

2. Committee on the Finance of the City of New York, consisting of Messrs. [names] and [names].

3. Committee on the Public Works of the City of New York, consisting of Messrs. [names] and [names].

4. Committee on the Police of the City of New York, consisting of Messrs. [names] and [names].

5. Committee on the Fire Department of the City of New York, consisting of Messrs. [names] and [names].

6. Committee on the Health of the City of New York, consisting of Messrs. [names] and [names].

7. Committee on the Education of the City of New York, consisting of Messrs. [names] and [names].

8. Committee on the Parks and Recreation of the City of New York, consisting of Messrs. [names] and [names].

9. Committee on the Public Safety of the City of New York, consisting of Messrs. [names] and [names].

10. Committee on the Public Health of the City of New York, consisting of Messrs. [names] and [names].